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*To ensure access to high-quality,  
patient-centered, cost-effective  
health care to Los Angeles  
County residents through direct  
services at DHS facilities and  
through collaboration with  
community and university  
partners*



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May 10, 2011

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFERS OF SETTLEMENT  
(ALL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

To request Board approval for the Director of Health Services (Director) to accept compromise offers of settlement for patients who received medical care at County facilities. The compromise offers of settlement referenced below are not within the Director's authority to accept.

**IT IS RECOMMENDED THAT YOUR BOARD:**

Authorize the Director or his designee, to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, of the following individual accounts:

- (1) Account Number LAC+USC MC – Various \$2,500
- (2) Account Number H-UCLA MC – 1303933 \$3,194
- (3) Account Number LAC+USC MC – Various \$8,198
- (4) Account Number LAC+USC MC – Various \$9,767
- (5) Account Number LAC+USC MC – Various \$27,718
- (6) Account Number LAC+USC MC – Various \$35,500
- (7) Account Number H-UCLA MC – 1087593 \$110,000

Total All Accounts: \$196,877

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The compromise offers of settlement for patient accounts (1) - (6) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amount the Department was able to negotiate or was offered under the legal settlement involved in these cases. The compromise offer of settlement for patient account (7) is recommended because the offer is the highest amount that could be negotiated with the patient's insurance provider (Commercial or HMO) under the circumstances of the case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary co-insurance or deductible obligations.

The best interests of the County would be served by approving the acceptance of these compromises, as it will enable the Department of Health Services (DHS) to maximize net revenue on these accounts.

### **Implementation of Strategic Plan Goals**

The recommended action supports Goal 1, Operational Effectiveness, of the County's Strategic Plan.

### **FISCAL IMPACT/FINANCING**

This will expedite the County's recovery of revenue totaling approximately \$196,877.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50 percent of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

On January 15, 2002, your Board adopted an ordinance granting the Director authority to compromise or reduce patient account liabilities when it is in the best interest of the County to do so.

Typically, recoveries in legal settlements are divided approximately into thirds between plaintiff, plaintiff's attorney, and all medical lien holders, which would include the County's lien. Factors that contribute to each party receiving more or less than one-third of the recovery include the number of medical lien holders, the patient's attorney retainer agreement, and costs accrued by the patient during the legal process.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Maximizing net revenues on patients who received medical care at County facilities will help DHS meet its budgeted revenue amounts.

The Honorable Board of Supervisors

5/10/2011

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Respectfully submitted,

A handwritten signature in black ink, reading "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.

Director

MHK:lg

Enclosures

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1  
DATE: MAY 10, 2011

<b>Total Gross Charges</b>	\$208,548	<b>Account Number</b>	Various
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient & Outpatient
<b>Balance Due</b>	\$208,548	<b>Date of Service</b>	Various
<b>Compromise Amount Offered</b>	\$2,500	<b>% Of Charges</b>	1 %
<b>Amount to be Written Off</b>	\$206,048	<b>Facility</b>	LAC+USC Medical Center

### JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$208,548 for medical services rendered. The patient has ATP with no liability and no other coverage was found. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement</b>
<b>Lawyer's Fees *</b>	\$6,000	\$6,000	40 %
<b>Lawyer's Cost *</b>	\$4,000	\$4,000	26 %
<b>LAC+USC Medical Center **</b>	\$208,548	\$2,500	17 %
<b>Other Lien Holders</b>	-	-	-
<b>Patient</b>	-	\$2,500	17 %
<b>Total</b>	-	\$15,000	100 %

\* Attorney's fee of 40% was agreed upon in the retainer's agreement between the patient and his attorney. Additionally, the attorney incurred significant cost in preparation for trial.

\*\* This settlement distribution is consistent with the Hospital Lien Act (California Civil Code section 3045) which indicates that lien holders are entitled to up to 50% of the settlement after deducting attorney's fees and cost. LAC+USC Medical Center will receive 17% of the settlement with the patient receiving the remaining 17%.

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2  
DATE: MAY 10, 2011

<b>Total Gross Charges</b>	\$35,587	<b>Account Number</b>	1303933
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient
<b>Balance Due</b>	\$35,587	<b>Date of Service</b>	10/08/10 - 10/11/10
<b>Compromise Amount Offered</b>	\$3,194.10	<b>% Of Charges</b>	9 %
<b>Amount to be Written Off</b>	\$32,392.90	<b>Facility</b>	H-UCLA Medical Center

## JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at H-UCLA Medical Center and incurred total inpatient gross charges of \$35,587 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement</b>
<b>Lawyer's Fees</b>	\$4,914	\$4,914	33 %
<b>Lawyer's Cost</b>	\$258	\$258	1 %
<b>H-UCLA Medical Center *</b>	\$35,587	\$3,194.10	21 %
<b>Other Lien Holders *</b>	\$10,535	\$1,719.90	12 %
<b>Patient</b>	-	\$4,914	33 %
<b>Total</b>	-	\$15,000	100 %

\* Lien holders are receiving 33% of the settlement (21% to H-UCLA Medical Center and 12% to others).

Based on the information provided, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to H-UCLA Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3  
DATE: MAY 10, 2011

<b>Total Gross Charges</b>	\$49,531	<b>Account Number</b>	Various
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient & Outpatient
<b>Balance Due</b>	\$49,531	<b>Date of Service</b>	Various
<b>Compromise Amount Offered</b>	\$8,197.59	<b>% Of Charges</b>	17 %
<b>Amount to be Written Off</b>	\$41,333.41	<b>Facility</b>	LAC+USC Medical Center

## JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$49,531 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$25,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement</b>
<b>Lawyer's Fees</b>	\$8,333.33	\$8,333.33	33 %
<b>Lawyer's Cost</b>	\$271.49	\$271.49	1 %
<b>LAC+USC Medical Center *</b>	\$49,531	\$8,197.59	33 %
<b>Other Lien Holders *</b>	\$8,409.99	\$8,197.59	33 %
<b>Patient</b>	-	-	-
<b>Total</b>	-	\$25,000	100 %

\* Lien holders are receiving 66% of the settlement (33% to LAC+USC Medical Center and 33% to others).

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4  
DATE: MAY 10, 2011

<b>Total Gross Charges</b>	\$26,064	<b>Account Number</b>	Various
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient & Outpatient
<b>Balance Due</b>	\$26,064	<b>Date of Service</b>	Various
<b>Compromise Amount Offered</b>	\$9,767.27	<b>% Of Charges</b>	37 %
<b>Amount to be Written Off</b>	\$16,296.73	<b>Facility</b>	LAC+USC Medical Center

## JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$26,064 for medical services rendered. The patient has ATP with no liability and no other coverage was found. The patient's third party liability (TPL) claim settled for \$30,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement</b>
<b>Lawyer's Fees</b>	\$10,000	\$10,000	33 %
<b>Lawyer's Cost</b>	\$465.46	\$465.46	1 %
<b>LAC+USC Medical Center *</b>	\$26,064	\$9,767.27	33 %
<b>Other Lien Holders *</b>	\$1,130	\$1,130	4 %
<b>Patient</b>	-	\$8,637.27	29 %
<b>Total</b>	-	\$30,000	100 %

\* Lien holders are receiving 37% of the settlement (33% to LAC+USC Medical Center and 4% to others).

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 5  
DATE: MAY 10, 2011

<b>Total Gross Charges</b>	\$173,154	<b>Account Number</b>	Various
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient & Outpatient
<b>Balance Due</b>	\$173,154	<b>Date of Service</b>	Various
<b>Compromise Amount Offered</b>	\$27,718.11	<b>% Of Charges</b>	16 %
<b>Amount to be Written Off</b>	\$145,435.89	<b>Facility</b>	LAC+USC Medical Center

## JUSTIFICATION

This patient was involved in a slip and fall accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$173,154 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$100,000 and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement</b>
<b>Lawyer's Fees *</b>	\$40,000	\$40,000	40 %
<b>Lawyer's Cost</b>	\$4,563.78	\$4,563.78	4 %
<b>LAC+USC Medical Center **</b>	\$173,154	\$27,718.11	28 %
<b>Other Lien Holders **</b>	-	-	-
<b>Patient</b>	-	\$27,718.11	28 %
<b>Total</b>	-	\$100,000	100 %

\* Attorney's fee of 40% was agreed upon in the retainer's agreement between the patient and his attorney. The attorney had done extensive preparation for trial.

\*\* This settlement distribution is consistent with the Hospital Lien Act (California Civil Code section 3045) which indicates that lien holders are entitled to up to 50% of the settlement after deducting attorney's fees and cost. LAC+USC Medical Center will receive 28% of the settlement with the patient receiving the remaining 28%.

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 6  
DATE: MAY 10, 2011

<b>Total Gross Charges</b>	\$77,058	<b>Account Number</b>	Various
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient & Outpatient
<b>Balance Due</b>	\$77,058	<b>Date of Service</b>	Various
<b>Compromise Amount Offered</b>	\$35,500	<b>% Of Charges</b>	46 %
<b>Amount to be Written Off</b>	\$41,558	<b>Facility</b>	LAC+USC Medical Center

## JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$77,058 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$100,000, the policy limit carried by the party responsible at the time of the accident, and her attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement</b>
<b>Lawyer's Fees</b>	\$29,000	\$29,000	29 %
<b>Lawyer's Cost</b>	-	-	-
<b>LAC+USC Medical Center</b>	\$77,058	\$35,500	35.5 %
<b>Other Lien Holders</b>	-	-	-
<b>Patient</b>	-	\$35,500	35.5 %
<b>Total</b>	-	\$100,000	100 %

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet her obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 7  
DATE: MAY 10, 2011

<b>Total Gross Charges</b>	\$216,768	<b>Account Number</b>	1087593
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient
<b>Balance Due</b>	\$216,768	<b>Date of Service</b>	8/08/10 - 8/30/10
<b>Compromise Amount Offered</b>	\$110,000	<b>% Of Charges</b>	51 %
<b>Amount to be Written Off</b>	\$106,768	<b>Facility</b>	H-UCLA Medical Center

## JUSTIFICATION

The patient is a foreign national and the above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of this case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary coinsurance or deductible obligations.